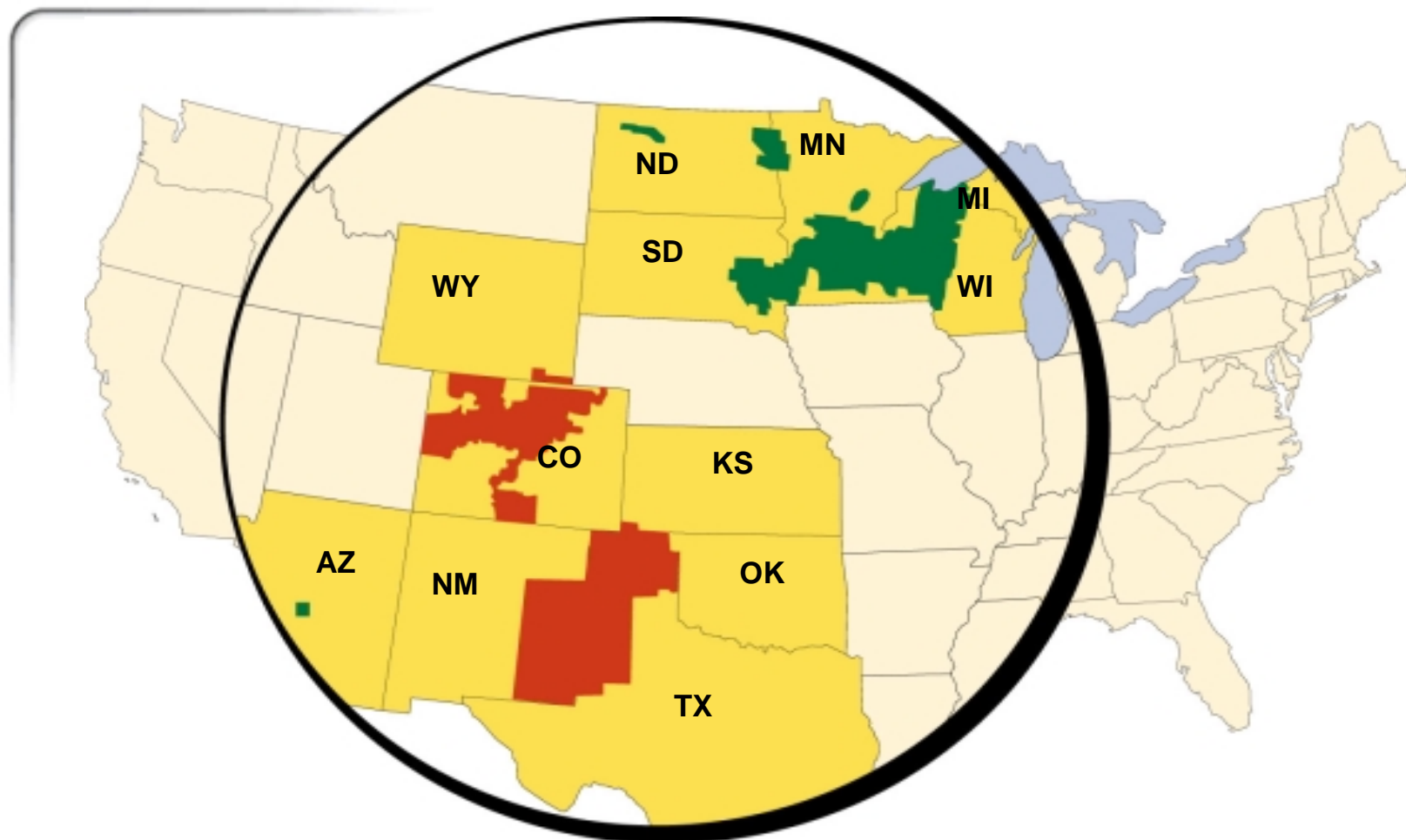


# **The Demand Response Challenge: Make It Easy for Customers**

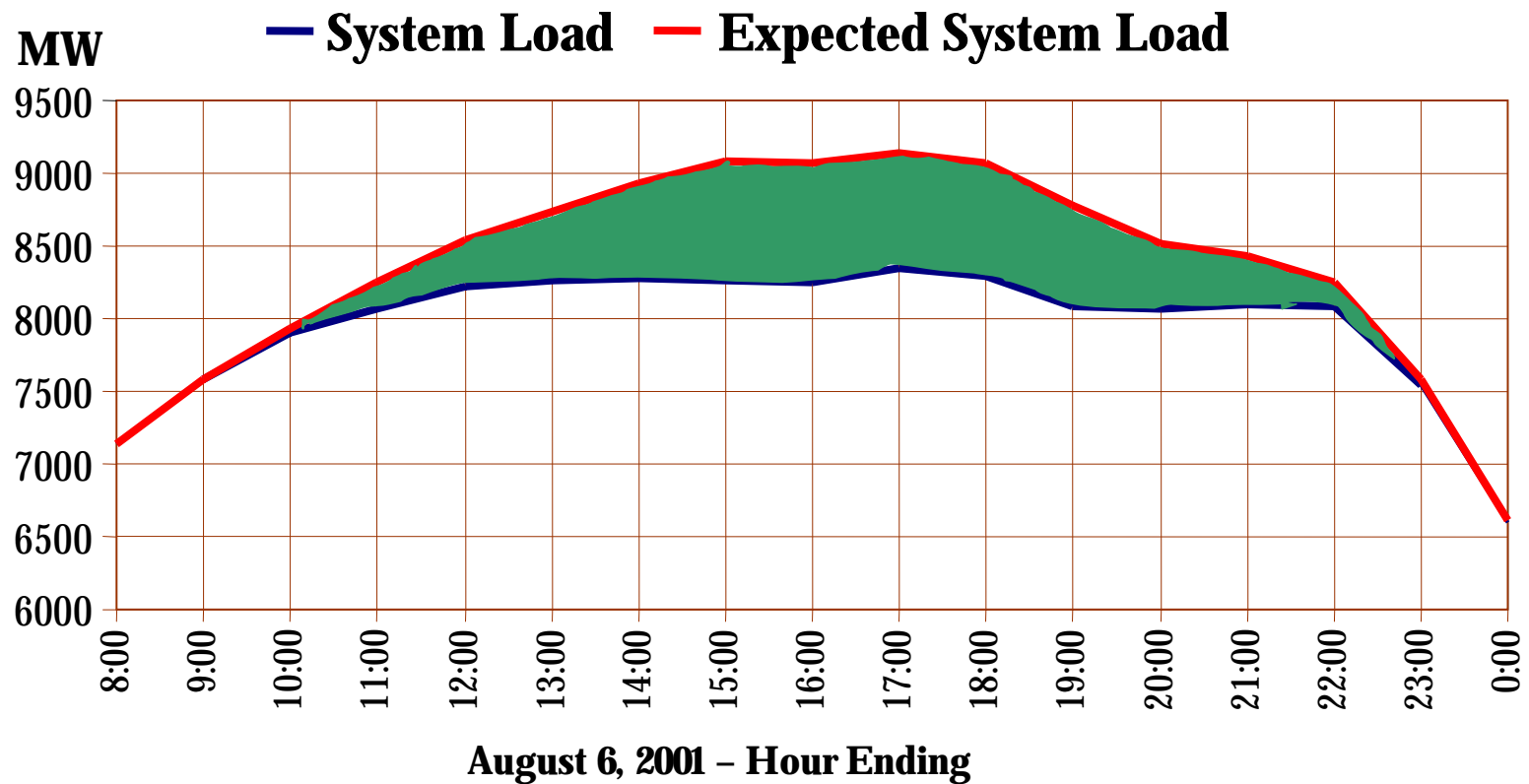
**FERC/DOE Demand Response Conference  
February 14, 2002**

**Kevin Lawless  
Managing Director, Strategic Resources  
Xcel Energy**

# Xcel Energy: Regulated Footprint



## Xcel Energy North – August 6, 2001



## Customers are Motivated: To A Point

### *Macro*

**Cost Control**

**Environmental**

**Lower Bills**

**Manage Risk**

### *Micro*

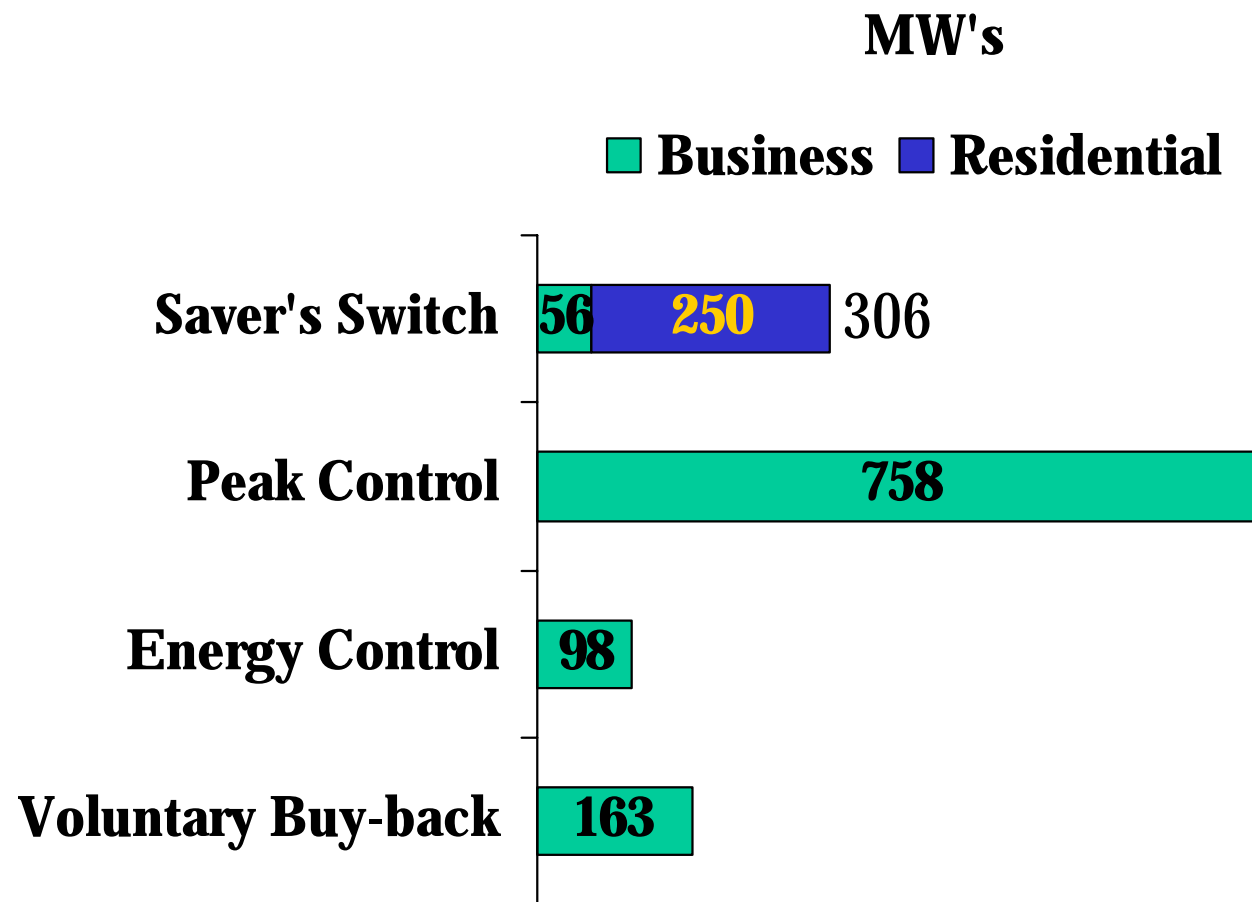
**Options Clear**

**Incentives Certain**

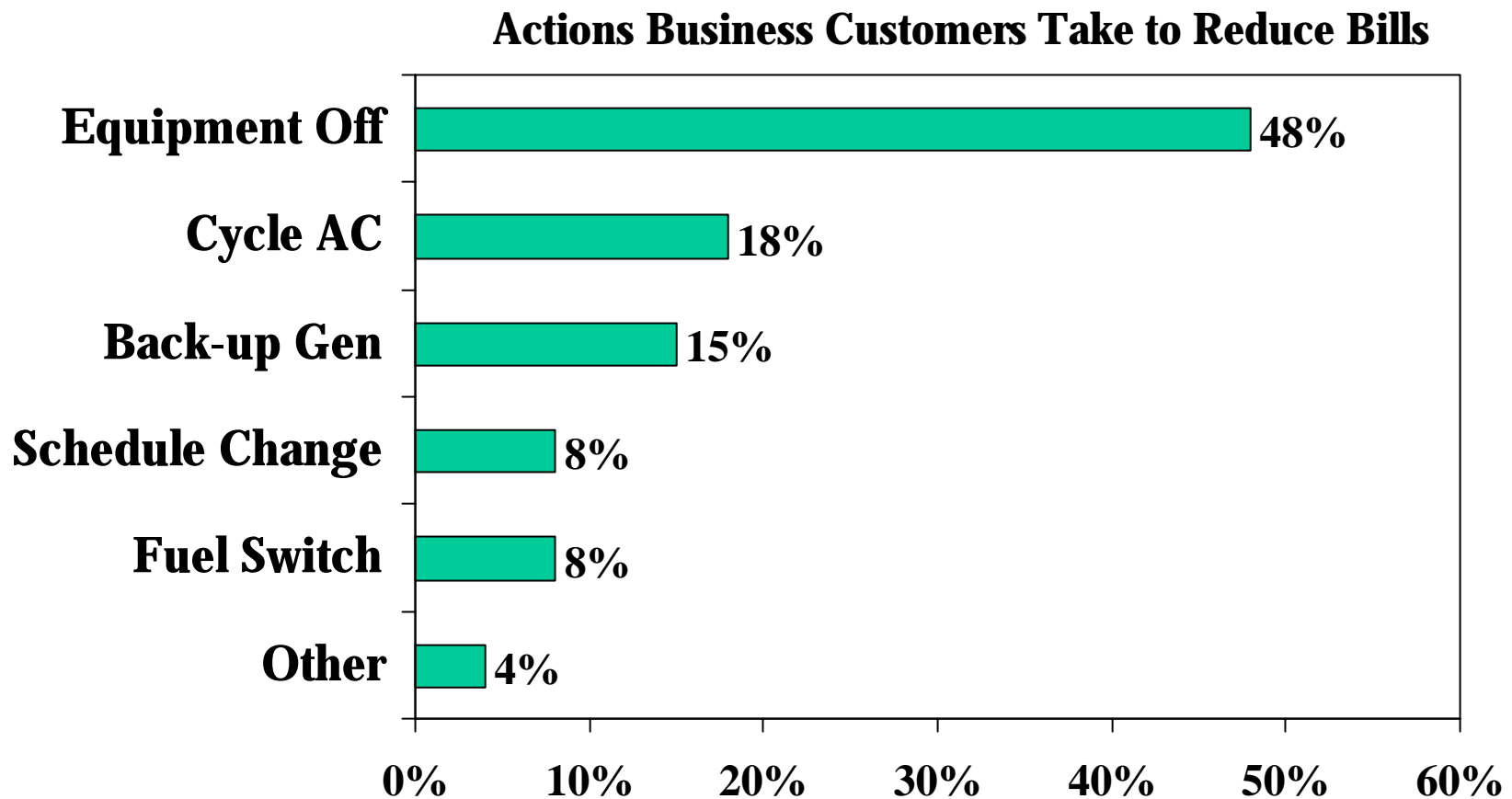
**Customer Control**

**Seller Support**

## Customers Require Options



## Customers Are Creative & Flexible



# Customer Systems Require Maintenance

- ❖ **Pre-season communications**
- ❖ **Procedure review by all involved**
- ❖ **Customer involvement in system tests**
- ❖ **Real-time monitoring of control signals**
- ❖ **Ongoing evaluation and assessment**

## Requirements for Robust DR Markets

- ❖ **Regionalize like RTOs**
- ❖ **Use consistent models to link wholesale and retail**
- ❖ **Align incentives and pricing mechanisms**
- ❖ **Value both risk and capacity reduction**
- ❖ **Remove barriers and conflicting laws**
- ❖ **Create certainty for investors and customers**